

## FINANCE

*Investment of Funds.*—It is pleasing to record that the increase in the flow of applications for loans on mortgage, noted in the report for last year, has continued during the current period. It is also gratifying to note that a substantial proportion of the new applications is for loans to erect new houses. In this respect the Department is rendering a service to home-builders by providing finance at competitive rates and making progress payments to suit the requirements of the applicant during the course of construction of the building. The removal of restrictions on the sale price of urban properties will probably increase the number of applications for assistance in rearranging finance, as a result of more properties changing hands.

The value of mortgage investments held on behalf of the Common Fund as at the 31st March, 1950, was £9,191,668, an increase of £225,964 on the amount held at the same date last year.

Despite the improvement in the total amount invested, it is still necessary to use every effort to obtain securities in this highly competitive field, to ensure the close investment of the funds available, and thus maintain a satisfactory yield to the beneficiaries entitled to the moneys.

The new investments completed during the year totalled £1,500,447, compared with £2,569,633 for the preceding year, a decrease of £1,069,186. The reduction was partly due to the assumption by the National Provident Fund Board of the duty of investing certain portions of its funds which had previously been attended to by the Office, and, compared with the previous year, to a greater percentage of maturing investments being renewed instead of being repaid and new investments found for the proceeds. These factors resulted in a much smaller sum than usual requiring investments to be arranged. The total investments completed by the Office and still held at 31st March, 1950, inclusive of those held on behalf of certain estates and funds whose funds are required to be specially invested, totalled £32,365,702, which represents a decline of £580,984 on the corresponding figure at 31st March, 1949. The reason for this decline is set out in later paragraphs under the heading "Deposits Under the Insurance Companies' Deposits Act" and "Local Bodies' Sinking Funds."

*Interest Payable on Moneys Invested in the Common Fund.*—As the period lengthens during which low interest rates have prevailed, so the proportionate part of the Common Fund which in earlier years was invested at the higher rates of interest decreases. The result has been that each year maturing investments have either been renewed or have been repaid and subsequently reinvested at current rates, which have almost invariably been lower than for the original investments. The cumulative effect has been to reduce the earnings of the Common Fund to such an extent that it became necessary to reduce, as from 1st August, 1949, the rate of interest credited on moneys in the fund to 3 per cent. In view, however, of the advantageous features of investment in the Common Fund, it is considered that the present rate is, under existing conditions, a favourable return.

*Advances to Estates and Beneficiaries.*—The statutory provisions whereby the Public Trustee is able to advance money on the security of the assets of, or of a vested share in, an estate administered by him continues to be of material advantage both to estates where, for various reasons, it is not desired to realize assets immediately for the discharge of liabilities, and to beneficiaries who are in need of immediate financial assistance. Such advances can be promptly arranged at a low rate of interest, no legal costs are involved, and repayment may be made without notice. The amount advanced under this heading during the year under review was £77,732, and the total amount of current advances at 31st March, 1950, was £423,919.

*Deposits Under the Insurance Companies' Deposits Act.*—Pursuant to the Workers' Compensation Amendment Act, 1947, various insurance companies ceased to engage in employers' liability insurance business as from 1st April, 1949, and as a result became